

Your Exam Content Outline

For examinations on and after January 1, 2008

The following outline describes the content of one of the Texas insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Texas Public Insurance Adjuster's Examination Series 14-76

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing requirements

Process (Ins. 4101.052, .054, .057; Ins. 4102.001, .053, .054, .055; TAC 19.601)
Qualifications (Ins. 4101.053; Ins. 4102.053, .054, .055; TAC 19.704, .713)

1.2 Maintenance and duration

Financial responsibility requirements (Ins. 4102.105; TAC 19.705-.707)
Prohibited conduct (Ins. 4102.151-.162; TAC 19.708, .712)
Fiduciary capacity (Ins. 4102.111)
Commission (Ins. 4102.104)
Records (Ins. 4102.110)
Change of address (Ins. 4102.106)
Continuing education requirements (Ins. 4101.059; Ins. 4102.064, .109; TAC 19.1001-19.1021)

1.3 Disciplinary actions

License denial, suspension or revocation (Ins. 4101.201; Ins. 4102.201)
Cease and desist order (Ins. 4102.208)
Penalties (Ins. 4101.203; Ins. 4102.204)

2.0 Insurance Basics 18%

2.1 Insurance contracts

Elements of a legal contract
Offer and acceptance
Consideration
Competent parties
Legal purpose
Distinct characteristics of an insurance contract
Contract of adhesion
Aleatory contract
Personal contract
Unilateral contract
Conditional contract
Legal interpretations affecting contracts
Ambiguities in a contract of adhesion
Reasonable expectations

Indemnity
Utmost good faith
Representations/misrepresentations
Warranties
Concealment
Fraud
Waiver and estoppel

2.2 Insurance principles and concepts

Insurable interest
Hazards
Physical
Moral
Morale
Causes of loss (perils)
Named perils versus special (open) perils
Direct loss
Consequential or indirect loss
Blanket versus specific insurance
Basic types of construction
Loss valuation
Actual cash value
Replacement cost
Functional replacement cost
Market value
Agreed value
Stated amount
Valued policy

2.3 Policy structure

Declarations
Definitions
Insuring agreement or clause
Additional/supplementary coverage
Conditions
Exclusions
Endorsements

2.4 Common policy provisions

Insureds — named, first named, additional
Policy period
Policy territory
Cancellation and nonrenewal
Deductibles
Other insurance
Nonconcurrency
Primary and excess
Pro rata
Restoration/nonreduction of limits

- Vacancy or unoccupancy
- Assignment
- Liberalization
- Third-party provisions
 - Standard mortgage clause
 - Loss payable clause
 - No benefit to bailee

2.5 Texas laws, regulations and required provisions

- Cancellation and nonrenewal (Ins. 551.001-.004, .051-.055, .101-.113; TAC 5.7001)
- Binders (Ins. 549.055)
- Liquidated demand (Ins. 862.053)
- Residential community property (Art. 5.35-1)
- Arbitration (Civ. Sec. 171.001)
- Concealment, misrepresentation or fraud (Ins. 701.001, .052)

3.0 Adjusting Losses 23%

3.1 Role of the public insurance adjuster

- Definition of public insurance adjuster (Ins. 4102.051, .101, .103, .152, .156)
- Staff and independent adjuster versus public insurance adjuster
- Relationship to the legal profession
- Public insurance adjuster rules of professional conduct and ethics (Ins. 4102.005; TAC 19.713)

3.2 Property losses

- Duties of insured after a loss
 - Notice to insurer
 - Minimizing the loss
 - Proof of loss
 - Special requirements
 - Production of books and records
 - Abandonment
- Determining value and loss
 - Burden of proof of value and loss
 - Estimates
 - Depreciation
 - Salvage
- Claim settlement options
- Payment and discharge

3.3 Claims adjustment procedures

- Subrogation procedures
- Alternative dispute resolution
 - Appraisal
 - Arbitration
 - Competitive estimates
 - Mediation
 - Negotiation

4.0 Dwelling ('02) Policy (ISO Forms) 6%

4.1 Characteristics and purpose

4.2 Coverage forms — Perils insured against

- Basic
- Broad
- Special

4.3 Property coverages

- Coverage A — Dwelling
- Coverage B — Other structures
- Coverage C — Personal property
- Coverage D — Fair rental value
- Coverage E — Additional living expense
- Other coverages

4.4 General exclusions

4.5 Conditions

4.6 Selected endorsements

- Special provisions — Texas (DP 01 42)
- Automatic increase in insurance (DP 04 11)
- Broad theft coverage (DP 04 72)
- Dwelling under construction (DP 11 43)

5.0 Homeowners ('00) Policy (ISO Forms) 16%

5.1 Coverage forms

- HO-2 through HO-6
- HO-8

5.2 Definitions

5.3 Section I — Property coverages

- Coverage A — Dwelling
- Coverage B — Other structures
- Coverage C — Personal property
- Coverage D — Loss of use
- Additional coverages

5.4 Perils insured against

5.5 Exclusions

5.6 Conditions

5.7 Selected endorsements

- Special provisions — Texas (HO 01 42)
- Permitted incidental occupancies (HO 04 42)
- Earthquake (HO 04 54)
- Home day care (HO 04 97)
- Scheduled personal property — Texas (HO 23 03)
- Personal property replacement cost loss settlement — Texas (HO 23 04)

6.0 Commercial Package Policy (CPP) (ISO Forms) 17%

6.1 Components of a commercial policy

- Common policy declarations
- Common policy conditions
- Interline endorsements
- One or more coverage parts

6.2 Commercial property ('02) (ISO Forms)

- Commercial property conditions form
- Coverage forms
 - Building and personal property
 - Condominium association
 - Condominium commercial unit-owners
 - Builders risk
 - Business income
 - Legal liability
 - Extra expense
- Causes of loss forms
 - Basic
 - Broad

- Special
- Selected endorsements
 - Ordinance or law (CP 04 05)
 - Spoilage (CP 04 40)
 - Peak season limit of insurance (CP 12 30)
 - Value reporting form (CP 13 10)

6.3 Commercial inland marine

- Commercial inland marine conditions form
- Commercial inland marine coverage forms
 - Accounts receivable
 - Commercial articles
 - Contractors equipment floater
 - Equipment dealers
 - Installation floater
 - Jewelers block
 - Signs
 - Valuable papers and records

6.4 Equipment breakdown ('01) (ISO Forms)

- Equipment breakdown protection coverage form (BM 00 20)
- Selected endorsements
 - Business income - Report of values (BM 15 31)
 - Actual cash value (BM 99 59)

6.5 Farm coverage ('98) (ISO Forms)

- Farm property coverage form
 - Coverage A — Dwellings
 - Coverage B — Other private structures
 - Coverage C — Household personal property
 - Coverage D — Loss of use
 - Coverage E — Scheduled farm personal property
 - Coverage F — Unscheduled farm personal property
 - Coverage G — Other farm structures
- Definitions
- Causes of loss (basic, broad, and special)
- Conditions
- Exclusions
- Limits
- Additional coverages
- Selected forms and endorsements
 - Mobile agricultural machinery and equipment coverage form (FP 00 30)
 - Livestock coverage form (FP 00 40)
 - Texas changes (FP 01 42)
 - Scheduled glass (FP 04 67)
 - Texas changes – scheduled personal property (FP 05 10)

7.0 Businessowners ('06) Policy (ISO Forms) — Property 5%

7.1 Characteristics and purpose

7.2 Businessowners Section I — Property

- Coverage
- Exclusions
- Limits of insurance
- Deductibles
- Loss conditions
- General conditions
- Optional coverages
- Definitions

7.3 Businessowners Section III — Common Policy Conditions

7.4 Selected endorsements

- Texas changes (BP 01 18)
- Texas changes — amendment of cancellation provisions or coverage change (BP 02 04)
- Protective safeguards (BP 04 30)
- Utility services — direct damage (BP 04 56)
- Utility services — time element (BP 04 57)

8.0 Other Coverages 5%

8.1 Ocean marine insurance

- Major coverages
 - Hull insurance
 - Cargo insurance
 - Freight insurance
- Implied warranties
- Perils
- General and particular average

8.2 National Flood Insurance Program

- "Write your own" versus government
- Eligibility
- Coverage
- Limits
- Deductibles

8.3 Other policies

- Aircraft hull
- Boatowners
- Difference in conditions